# GOVERNMENT OF INDIA
# AGRO AND RURAL INDUSTRIES
# LOK SABHA

UNSTARRED QUESTION NO:2714
ANSWERED ON:10.03.2003
CLOSURE OF INDUSTRIAL UNITS
RAJ NARAIN PASSI

**Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:**

(a) whether the Khadi and Village Industries financed by Khadiand Village Industries Commission (KVIC) are virtually sinkingand closing on account of higher rate of interest and variable penalty charged by the banking and financial institutions on the loans advanced/ financed to the entrepreneurs before 1999-00;

(b) if so, the details thereof;

(c) whether various banks/ cooperative institutions etc. are charging 15 to 18% against the industry on the mortgaged property from the entrepreneurs while the interest rate on fixed deposits have been reduced nearly 6% to 8%;

(d) if so, the details thereof;

(e) whether the Government have requested the RBI to make auniform policy on the interest/ penalty for charging interest in the interest of the trade/ industry;

(f) if so, the details thereof;

(g) if not, the reasons therefor; and

(h) the steps taken by the Government to remedy the situation?

## Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF AGRO AND RURAL INDUSTRIES (SHRI SANGHPRIYA GAUTAM )

(a): No, Sir.

(b): Does not arise.

(c) & (d): Rural Entrepreneurs are provided funds from Banking Institutions under Rural Employment Generation Programme (REGP). The interest rate for such assistance varies from bank to bank. Public sector Scheduled Commercial banks charge interest at Prime Landing Rate (PLR) or PLR plus upto 4% as per the policy of different banks.

(e) to (h): The Khadi and Village Industries Commission hasalready requested Reserve Banks of India to advise banks to charge interest only at PLR for these loans.